



SPECIALISTS IN IMMUNOASSAY
Creating tools to aid diagnosis and monitor responses to therapy

Contents

01	Highlights
02	Company Overview
04	Our Products and Target Markets
06	Chairman's Statement
08	Managing Director's Review
12	Financial Review
14	Board of Directors, Senior Management and Advisers
16	Corporate and Social Responsibility Review
17	Directors' Report
19	Corporate Governance Report
21	Directors' Responsibilities
22	Independent Auditors' Report
23	Consolidated Profit and Loss Account
24	Consolidated Statement of Total Recognised Gains and Losses
25	Consolidated Balance Sheet
26	Balance Sheet
27	Consolidated Cash Flow Statement
27	Reconciliation of Net Cash Flow to Movement in Net Debt
28	Notes to the Financial Statements
48	Glossary
IBC	Shareholder Information

Highlights

IDS is a globally recognised innovator and marketeer in the MD industry

Immunodiagnostic Systems Holdings plc is a dynamic SME, dedicated to the development and provision of innovative assays for use in clinical and research laboratories worldwide.

The Company is focused on sustaining its position as a fully integrated In Vitro Diagnostics company, building and maintaining capability in de novo product design, development, manufacture and global marketing.

Highlights for 2004/2005

- :: Product Launched – IDS Bone-Specific Alkaline Phosphatase ELISA, technology licensed from Beckman Coulter, with 510(k) clearance
- :: Establishment of IDS GmbH (Frankfurt)
- :: Successful flotation on AIM, providing funds for targeted growth
- :: IDS 1,25-Dihydroxy Vitamin D RIA kit receives FDA 510(k) clearance
- :: IDS Ltd acquire Suomen Bioanalytiikka Oy (SBA)
- :: Product Launched - High Sensitivity, Multi-species Corticosterone EIA
- :: IDS Inc reach \$1m sales 1st Quarter 05
- :: Product Launched - 1,25-Dihydroxy Vitamin D EIA
- :: Product Launched - Vitamin D Binding Protein Capacity Reagent Pack
- :: Product Launched - OPG and Free sRANKL ELISAs

Turnover £000 (to 31 March)

2005	5,435
2004	4,453
2003	3,875
2002	3,401
2001	2,815

Understanding IDS

10

Ten new products launched throughout the year, resulting in IDS becoming a global leader in bone formation, bone resorption and calcitropic hormone assays.

From its establishment in 1977, simply as a distributor of diagnostic products, IDS has become a globally recognised innovator and marketer in the IVD industry.



NEW PRODUCTS

The company is particularly well known for its expertise in creating tools to aid in the diagnosis of diseases of Bone & Calcium dysfunction (osteoporosis; osteomalacia; Paget's disease), in monitoring response to therapy and in studying the fundamental mechanisms of such bone disorders.

The flagship products of the company are kits for the determination of vitamin D in human serum, an important marker in the control and disposition of the body's calcium reserves. Calcium is vital in the development of healthy bones and teeth in the young, in the retention of calcium in the institutionalised and the elderly, and in those with inadequate exposure to sunlight. Vitamin D, the "sunshine vitamin" formed in the skin in response to ultra-violet light, is essential in calcium regulation.

£697k

Our spending in R&D to 31 March 2005 rose by 45.5% which is in line with expectations.

30,000 units

30,000 units were shipped from IDS' manufacturing base in the UK, this represents a 7% increase on the prior year.

28 partners

Sales through the IDS distribution network increased by more than 21% last year. IDS reach every continent with tailored, targeted communications. Multi-lingual strategies in over 10 languages ensure IDS are able to think globally and act locally.



DEVELOPMENT



MANUFACTURE



GLOBAL MARKETING

IDS' product pipeline is focused on building on the existing bone assay portfolio and extending the product portfolio further into the fields of growth factors, oncology and hospital acquired infection.

Products to be released in the near future will be complementary to currently marketed products, further reinforcing our position as a global leader in the bone disease diagnostics market.

Future strategy

The Group is planning to develop and/or acquire and/or access a number of enabling technologies which the Directors believe may lead to significant advances in assay delivery, including:

- increasing the speed and number of disease-associated marker discoveries (by phage display and proteomics);
- rapid screening methods for hospital acquired infection, (e.g. MRSA), by nucleic acid technology;
- increasing stability of immunoassays and reagents; and
- in the development of simplified, possibly homogeneous, assay procedures with reduced manufacturing costs.

The Directors believe that each of these technologies, if successful, has the potential to generate significant value for IDS from both increasing the number of assays in IDS' product portfolio, and generating royalty based revenues from the licensing to major diagnostics players.

Our Products and Target Markets

Market potential – USA

\$7.9bn

Market potential – UK

£400m



Fountain Hills, AZ

Newcastle

Frankfurt

Market potential – Germany

€2bn

Market analysis

IDS operates in the immunoassay segment of the in vitro diagnostics (IVD) market. In vitro diagnostics is defined as the study and analysis of body fluids and tissues for the detection and monitoring of disease. In 2002, the global IVD market was valued at approximately \$22bn, with the immunoassay sector of this market worth approximately \$10bn. Immunoassay is a fundamental technique employing antibodies to create assays for biomarkers in human and animal tissues, most commonly serum or plasma. The sensitivity of immunoassay permits the detection and quantification of very small quantities (e.g. 1x10⁻¹² gram) of biomarkers in small sample volumes. The high sensitivity achieved by immunoassays has resulted in the technology becoming a fundamental technique widely used in the clinical diagnosis of disease and in biomedical research.

The clinical IVD market is dominated by a small number of large, multi-national companies, with over 80% of the market revenues flowing to the top ten IVD companies (including Roche, Abbott and Johnson & Johnson). The US is the largest individual geographic territory by market value, followed by Europe and then Japan. The clinical IVD market is high volume but low margin, with the large players selling fully automated, push-button immunoassay systems delivering results very similar to their competitors. The current market addresses only a limited number of clinically proven analytes. However, advances in genomics and proteomics have improved the knowledge of the biology of healthy and diseased states, and provided the potential for the discovery of a wealth of new diagnostic markers. Development of immunoassays against novel diagnostic markers has the potential to change the dynamics of the industry with the launch of

differentiated higher margin immunoassays. The highly competitive nature of the market and the need for differentiated immunoassays has resulted in an increased willingness on the part of the larger companies to in-license new technologies and biomarkers in an effort to cost-effectively gain market advantage. This provides an opportunity for smaller, innovative companies such as IDS to generate substantial value from the development and out-licensing of novel technologies and immunoassays.

In addition to the mainstream clinical IVD market is a substantial (approximately \$2bn) Research Use Only (RUO) market, comprising those laboratories working in drug discovery, clinical trials and academic research. The RUO market is essentially unregulated compared with the clinical IVD market (regulated in individual geographic territories by the FDA in the US, MHW in Japan, and IVDD in Europe). This makes RUO assay development considerably quicker and less onerous with the key criteria for the launch of a successful assay being the customers' view of the quality of the assay. This also results in the market being less price sensitive making the RUO assay market low volume/high margin. The RUO market is also considerably more fragmented, made up of a large number of players with different areas of strength. Companies selling immunoassays into the RUO market have the potential to expand the market for their tests where clinical applicability can be demonstrated and regulatory approval gained. Where appropriate these assays can then be licensed to the major clinical IVD players to optimise market penetration.

Chairman's Statement



David Evans Non-Executive Chairman

Dear Shareholder

I have pleasure in reporting to you Immunodiagnostic Systems Holdings plc's maiden annual results. The period has been one of considerable achievement and continued financial progress.

Business Overview

The Board of Directors recognised that if the Group was to achieve its strategic objectives it needed to expand its capital base. With that objective in mind, in 2004 the Group embarked on a process to float the Group on the Alternative Investment Market. This objective was achieved in December 2004 when the Company raised £1.77m before expenses through the placing of 3.471 million shares at 51p.

Direct Distribution Network

A key reason for strengthening the capital base was to enable the Group to continue to expand its own direct distribution capability. This has led to the establishment of IDS GmbH based in Frankfurt following the termination, at our request, of our distribution agreement with the Nichols Institute Diagnostics. The first sales were made in Germany in February 2005 and I am pleased to report that the team in Germany, headed by Tony Wilks, has achieved considerable success in retaining the key customers with no erosion of margins. The decision to take control of our own distribution was further justified in the new financial year when in June 2005 Nichols products were taken off market for a number of weeks. We will continue to expand our direct distribution capability with the establishment of IDS France during the current financial year.

The progress made in the USA has seen continued growth in both the number of customers and the order value. The opportunities presented for distribution of both our own products and for other companies remains substantial as evidenced by the continued sales growth going into the new financial year.

Acquisition

The opportunity of acting as a distributor of third party products led us to make our first acquisition. In February of this year we acquired Suomen Bioanalytiikka Oy (SBA), based in Finland.

The acquisition of SBA was completed in March 2005 for a sum of £840,800 inclusive of deferred consideration of £208,300. Costs associated with the acquisition amounted to £100,800. This acquisition broadens the portfolio offering and represents a significant growth opportunity in the bone area. Additional profitability will be generated with both the transfer of production to Boldon and also by gaining access to the German market which is currently being served under an exclusive relationship with another company.

R&D Pipeline

The future value of the Group is dependent upon leveraging the value of both our own distribution network by offering a ready conduit to market for smaller diagnostic players and by bringing new products through our R&D pipeline.

Our R&D pipeline is established to provide support for existing products, including new variants, together with developing novel products. The principal new product in development is a molecular assay for MRSA and the development work is progressing well with a view to completing the development work by the end of the calendar year. The Board is also seeking to deliver value from its spin-out relationships with Pyrronostics, PalindromX and Perinatal Diagnostics – success with any one of these could represent substantial upside to the Group.

Overall the Group is at an exciting stage of its development and continued progress at the same pace is anticipated going forward.

Financial Overview

Turnover for the year to 31 March 2005 was £5.43m, with the acquisitions of SBA and IDS GmbH contributing £179,400. On a pro-forma basis this

represented an overall increase in turnover of 22.05% compared to 2004 (£4.45m).

Overall Gross Profit increased by 21.5% from £2.79m in 2004 to £3.39m in 2005 with a decrease in the overall gross margin percentage from 62.7% to 62.4% reflecting the increased profit generated through our own distribution network.

The Group's overhead base increased by 15% to £3.07m from £2.66m in 2004 reflecting both the increase in expenditure on Research and Development up from £479,000 in 2004 to £697,000 (45.5%) and in Distribution Costs from £561,000 to £868,000 (54.7%).

The Amortisation of the Intangible Fixed Assets gave rise to a charge of £101,800 (2004: £98,000) which, when excluded from the overheads, gives rise to an EBITA of £427,800 (£239,700) before the deduction of exceptional items and share of operating loss in associates (£39,600 in 2005 and £304,200 in 2004) giving rise to a post-exceptional EBITA of £388,200 (2004: loss £64,500).

The Operating Profit for the year was £286,400 (2004: loss £162,500) and the Profit on Ordinary activities before Taxation £270,100 (2004: loss £34,100).

Taxation for the year amounted to £57,800 (2004: £1,900) giving rise to a profit after taxation of £212,300 (2004: loss £36,000).

The Board is pleased with the increase in overall core profitability before accounting for items deemed necessary to comply with increasingly complex regulation and that in my opinion, merely obfuscate the underlying financial performance and position of the Group to no meaningful end.

The Group Balance Sheet has benefited from the flotation on AIM and at the year end the Group's cash balances were £446,700 (2004: £100,200).

As the Group has continued to expand the working capital demands of the business have increased as evidenced by increased levels of Trade Debtors (2005: £922,800, 2004: £669,400) and Stocks (2005: £762,600, 2004: £435,000).

The Company increased its borrowings in the year, primarily to finance the acquisition of SBA, and bank borrowings overall were £785,291 (2004: 261,400).

Board and Management

The Board of Directors was strengthened on flotation with the appointment of Will Dracup of Nonlinear Dynamics Limited and Dr Eddie Blair of Integrated Medicines Limited. Both have added to the expertise and experience available to the Group.

The Board has still to appoint a Chief Scientific Officer to replace Dr Gerald Allen who left in October 2004. The Board have identified his replacement and are currently dealing with the Home Office to secure the necessary work permit before a formal announcement can be made.

Outlook

The Company has made a good start to its new financial year and is benefiting from the investment made in its direct distribution capabilities in both the USA and in Germany. The key challenge during the year to March 2006 is to continue to feed that distribution network with a flow of new products either through organic development or through acquisition. The benefits of the latter are already showing through with the comparative year on year growth of the Bone TRAP products acquired with SBA.

Whilst the growth targets for the Group as a whole are ambitious the Board is confident that we will see continued growth in both turnover and profit and I look forward to updating you on progress throughout the year.

David Evans
Non-Executive Chairman
28 July 2005

Managing Director's Review



Roger Duggan Managing Director

- ● **September 2004**
- ● Product Launched – IDS Bone-Specific Alkaline Phosphatase ELISA, technology licensed from Beckman Coulter, with 510(k) clearance

- ● **December 2004**
- ● Establishment of IDS GmbH (Frankfurt)

The company continues to grow in size, stature and performance, in a challenging but invigorating commercial environment.

In our first set of preliminary results since floating on AIM in December 2004 I am pleased to report that the company continues to grow in size, stature and performance, in a challenging but invigorating commercial environment. The market for the major products of the company is buoyant, enhanced by recent media attention, and the advance into major geographic markets. This combined with new direct distribution channels promises to deliver substantial increases in both sales and margins. Key achievements throughout FY 2004/5 include:

- Product Launched – IDS Bone-Specific Alkaline Phosphatase ELISA, technology licensed from Beckman Coulter, with 510(k) clearance
- Establishment of IDS GmbH (Frankfurt)
- Successful flotation on AIM, providing funds for targeted growth
- IDS 1,25-Dihydroxy Vitamin D RIA kit receives FDA 510(k) clearance
- IDS Ltd acquire Suomen Bioanalytiikka Oy (SBA)
- Product Launched - High Sensitivity, Multi-species Corticosterone EIA
- IDS Inc reach \$1m sales 1st Quarter 05
- Product Launched - 1,25-Dihydroxy Vitamin D EIA
- Product Launched - Vitamin D Binding Protein Capacity Reagent Pack
- Product Launched - OPG and Free sRANKL ELISAs

FY2004/5 saw sustained sales growth in both domestic and export sales, up 22% from £4.45m to £5.43m. The company's flagship products, immunoassay kits for the determination of vitamin D status and associated biomarkers, increased their share of the global market, as did domestic sales of Distributed (third party) Products.

£1.2m

Allowing us to continue our investment in research and development projects designed to generate future revenues and profits for the group and by enhancing our sales and distribution channels to market

December 2004

Successful flotation on AIM, providing funds for targeted growth

Product free and clear for sale in the world's largest IVD market

January 2005

IDS 1,25-Dihydroxy Vitamin D RIA kit receives FDA 510(k) clearance

Vitamin D in the spotlight

The company is fortunate that Vitamin D is currently enjoying a period of great prominence in both scientific and clinical circles, even to the extent of spilling into the public domain. Whilst once the preserve of the Clinical Biochemist, the debate regarding vitamin D status is now frequently seen in the media: – "What level of vitamin D is essential for good health? What is vitamin D deficiency, insufficiency and sufficiency, and what are their consequences?". The debate is set to continue, with advocates of vitamin D arguing for greater exposure of young and old to sunshine (UV light stimulates the production of vitamin D in the skin), and dermatologists arguing for more protection from the sun to minimise the incidence of melanoma.

It is now broadly accepted that poor vitamin D status is associated with an increased predisposition to numerous pathologies, including cancer (breast, prostate and colorectal cancers). Recent publications go further, linking low vitamin D with rheumatoid arthritis, muscular dystrophy and autoimmune disease. This has fuelled demand for more determination of vitamin D status, and IDS is well-situated to benefit from this uplift.

Direct Distribution - USA

The USA remains the largest global market for In Vitro Diagnostic (IVD) products, and with the modest investment made in establishing IDS Inc in Fountain Hills, Arizona (January 2003; trading from July 2003), we have set the scene for rapid growth in sales of our most prestigious products into what has hitherto been an almost virgin market for IDS. The addition of highly complementary 'bone & skeletal' assay kits from Orion Diagnostica (Finland) and SBA (Suomen Bioanalytica Oy, Finland) to the product offering made IDS Inc the most prominent source of such specialist products in the USA. Kenneth Gibbs, CEO of IDS Inc, is confident of continued growth as his customer base expands to include 'Blue Chip' Reference Laboratories and Clinical Research

Organisations conducting clinical trials on behalf of their pharmaceutical clients, alongside smaller academic researchers and physicians' practices.

Direct Distribution - Germany

IDS GmbH (Frankfurt) is in its infancy, having been established in November 2004 and becoming active in February 2005, but the dynamism of the German market and the expertise of our Geschäftsführer, Tony Wilks, and his experienced team have succeeded in securing the business previously enjoyed by a corporate partner (Nichols Institute Diagnostics (NID), CA, USA) offering own-badged versions of IDS vitamin D products. IDS GmbH is now also making good progress in the introduction of other IDS products into the biggest single European market, a territory previously under-exploited by an appointed distributor.

Acquisition of SBA

The early success of SBA products in the US market in the hands of IDS Inc led us to seek the acquisition of SBA in early 2005. This successful acquisition not only secured IDS' growing sales of SBA's patent-protected products in the USA, but also heralded their introduction to other major territories barely addressed to date. In Germany, where they have been contract manufactured and exclusively marketed by Medac GmbH, sales have grown steadily. Following the acquisition, this business will move to IDS, and agreement has been reached with Medac for a structured transfer of all business to IDS by the end of 2005.

Acquisition broadens the portfolio offering and represents a significant growth opportunity in the bone area



- ● February 2005
- ● IDS Ltd acquire Suomen Bioanalytiikka Oy (SBA)

- ● March 2005
- ● Product Launched - High Sensitivity, Multi-species Corticosterone EIA

Technology transfer remains an important business activity, and this is progressing satisfactorily.

Direct Distribution - France

Plans are progressing to establish IDS SA in Paris in September 2005, with ongoing discussions with identified key personnel. An early transfer of vitamin D business from NID France to IDS SA is scheduled, and will for the first time enable IDS to offer the whole range of IDS products throughout France. The complementary nature of this range of products, available from a single supplier, facilitates the investigation of metabolic bone diseases such as osteoporosis.

Distribution Network

Our distribution network is under renewed scrutiny following an enhancement of Sales & Marketing and Export activities. Visits have been made to Scandinavia, Benelux, Spain, Italy, Austria, Poland, Australia, South Korea and Japan to consult with existing distributors, to plan future activities, and to agree achievable targets. The contribution of well-motivated, well-trained and successful distributors in far-flung territories has been the reward of longstanding relationships built on quality, trust and fairness, and will be broadened and strengthened as we go forward.

A new domestic sales and marketing initiative introduced by Tony Wilks, now also installed as IDS Sales & Marketing Director, will see a more focused approach to UK sales, with greater emphasis on IDS-manufactured products, and a rationalisation of third party products to focus more closely upon complementarity, saleability and contribution.

New Product Development

New product development goes on apace, despite the loss of our Technical Director in the months running up to the flotation. Our decision at that time was to take stock, to seek and appoint a person with an abundance of the skills and experience needed by IDS to achieve the goals laid out in the Prospectus. These goals were ones of both technology development and acquisition, and of analyte discovery and development. This has proven to be no easy task, but I am pleased to report that such an



April 2005

IDS Inc reach \$1m sales 1st Quarter 05

individual has been found, an offer has been made and accepted, and an announcement will be made in due course of our new Medical Director and Chief Scientific Officer, who will join the company in September 2005.

Products launched on or near schedule this year were a non-isotopic 1,25-dihydroxy vitamin D EIA, complementing our best-selling radioactive immunoassay system. This will bring the analyte within reach of those laboratories unable or unwilling to obtain the necessary licences to store, work with and dispose of radioactive isotopes. A 510(k) submission was made to the US FDA in April 2005 and we believe achievement of 510(k) status will be forthcoming in the very near future.

HS (High-Sensitivity) Corticosterone EIA was launched April 2005, and is currently being evaluated in a number of laboratories worldwide. Market research suggests that this product may be of interest and utility as a marker of stress in the poultry industry, as well as those research laboratories working with reptiles and amphibians.

Testing for MRSA

Good progress has been made in the commercialisation of Nucleic Acid Technology in the development of rapid, laboratory-based, non-PCR testing for Methicillin-Resistant *Staphylococcus aureus* (MRSA). This is set to deliver a modern and molecular based test for MRSA in sample swabs taken from suspected MRSA victims, their families and recent contacts, doctors and nurses, and where more forward-looking reconnaissance is adopted, from patients admitted to hospital for elective surgery and similar procedures. We believe that this will represent a viable and cost-effective alternative to existing broth and agar-plate culture methods spawned from mid-20th century practices. The product is scheduled for Q4 2005/Q1 2006.

April 2005

Product Launched - 1,25-Dihydroxy Vitamin D EIA

Technology transfer remains an important business activity, and this is progressing satisfactorily. An ongoing programme to format our 25-hydroxy vitamin D technology for installation on an automated platform of one of the 'Top Ten' global IVD companies is in its second year and approaching first external clinical exposure (end July/Early Aug 2005). Heads of Terms have been agreed with another client company for the licensing of IDS IP and transfer of know-how to them to achieve the same objective on another such automated platform, and yet another has been mooted. The value of IDS' depth and breadth of knowledge in the analytically difficult area of vitamin D determination is therefore widely recognised, and will be a source of further beneficial collaborations in the future.

Outlook

In our first year as a public traded company, I see a burgeoning renewed organic growth rising beneath us, lifting sales and profitability; and a plethora of opportunities before us, with the wherewithal to realistically achieve what we can accurately qualify and prosecute. I have no doubt that Immunodiagnostic Systems Holdings plc is consolidating its foundations, creating tomorrow's 'winning team', and is now poised for a step change in growth and development that will deliver impressive growth in shareholder value.

Roger Duggan

Managing Director

28 July 2005

Financial Review



Paul Hailes Finance Director

- ● May 2005
- ● Product Launched - Vitamin D Binding Protein Capacity Reagent Pack

- ● June 2005
- ● Product Launched - OPG and Free sRANKL ELISAs

We believe that the successful flotation of the company and the additional cash this has generated can significantly accelerate the growth of the business.

Turnover £000 (to 31 March)

2005	5,435
2004	4,453
2003	3,875
2002	3,401
2001	2,815

Financial Highlights

We believe that the successful flotation of the company on the Alternative Investment Market (AIM) in December 2004 and the additional cash this has generated can significantly accelerate the growth of the business. This will allow us to continue our investment in research and development projects designed to generate future revenues and profits to the group and will help enhance our sales and distribution channels to market.

Turnover

Turnover increased by 22.05% to £5,435,000 (2004: £4,453,000). Direct sales into both the USA and Germany contributed significantly to this year's growth.

Gross Margin

The gross margin decreased to 62.41% (gross profit £3,392,000) from 62.74% in 2004 (gross profit £2,794,000). This decrease reflects change in the product mix within our sales and an increase in distribution of third party products.



Operating Costs and Profits

We continue to invest in R&D and our spending in 2005 rose sharply, in line with expectations, to £697,000 from £479,000 – an increase of 45.5%. We expect this level of R&D expenditure to continue throughout 2006 as we look to bring our SMART (signal mediated amplification of RNA technology) to market, with the launch of an MRSA detection product. Distribution and Administrative expenses increased by £410,000 to £3,066,000 compared to £2,656,000 in 2004. The charge for depreciation and amortisation of intangibles, including goodwill was £226,000 compared to £230,000 in 2004.

EBITDA

The group reports an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) from £210,000 in 2004 to £512,000.

Turnover by Product Area

Year ending 31st March:	2005 £000	2004 £000	Change %
Vitamin D	2,756	2,438	13.04
Octeia	410	274	49.64
Gamma B	228	192	18.75
Other	104	84	23.81
Total of IDS Products	3,498	2,988	17.07
Distribution of third party sales	1,937	1,465	32.22
Total Turnover	5,435	4,453	22.05

Cash Flow

During the period £1,120,000 of net funds were raised through flotation on AIM.

The positive EBITDA provided cash for investment in both R&D projects and enhancing our sales and distribution channels. Increased R&D expenditure together with increased working capital led to a net cash outflow from operating activities of £248,000 (2004: inflow £328,000). Capital expenditure decreased to £82,000 (2004: £419,000), this was offset by an increase in cash flow due to acquisitions of £760,000 (2004: £198,000). These together with net interest paid of £17,000 (2004: £9,000) led to an increase of cash of £357,000 and a net cash position of £444,000 as at 31st March 2005.

Balance Sheet

The Group's fixed assets at 31st March 2005 were £1,684,000 (2004: £892,000), which consisted of tangible assets of £603,000, intangible assets of £1,065,000 and investments of £16,000.

The intangible assets principally relate to the patents and intellectual property acquired on acquisitions.

Stocks have increased to £763,000 (2004: £435,000) and debtors have increased to £1,271,000 (2004: £895,000) while current creditors have increased to £1,508,000 (2004: £1,315,000). Creditors due after one year have increased to £582,000 (2004: £171,000), the main increase in creditors is the 900,000 euro loan for the acquisition of SBA, Finland.

Paul Hailes

Finance Director

28 July 2005

Board of Directors, Senior Management and Advisers



1 : David Evans BCom., CA, MBA (aged 44)

Non-Executive Chairman

David has considerable expertise within the diagnostic industry. As financial director he was a key member of the team that floated Shield Diagnostics Group plc in 1993 and was chief executive officer responsible for the merger of Shield Diagnostics Group plc with Axis Biochemicals ASA of Norway in 1999 to create Axis-Shield plc. He is currently involved in a non-executive capacity with several other companies.

2 : Roger Duggan PhD (aged 56)

Managing Director

Roger joined RIA (UK), the forerunner of IDS in 1981. Within IDS, he has held the positions of development scientist, laboratory manager, and scientific director, becoming managing director following the management buy-out in 1996. Roger also sits on the boards of PeriNatal Diagnostics Limited, PalindromX Limited, Pyrronostics Limited, Briefvision Limited, Phabia Limited and IDS Inc.

3 : Paul Hailes FCCA (aged 42)

Finance Director

Paul gained experience with Bowater plc and Courtaulds plc before joining IDS in February 1993. Paul is also a Director and/or Company Secretary in PeriNatal Diagnostics Limited, PalindromX Limited, Pyrronostics Limited, Briefvision Limited and Phabia Limited.

4 : William "Will" Dracup (aged 40)

Non-Executive Director

Will founded Nonlinear Dynamics Limited in 1989. An Economics graduate and software engineer, Will became interested in the analysis of protein separations after working for a life science imaging company, Joyce-Loebl Limited. Deciding that the available technology was inadequate, Will went on to develop software that has since become the industry standard in its field. Nonlinear Dynamics Limited grew throughout the 1990's, and Will has overseen the successful diversification of the company into the US and Asia Pacific markets, with the company's product line growing into a wide range of application areas within life sciences.

5 : Edward "Eddie" Blair PhD (aged 45)

Non-Executive Director

Following a research career in virology at the MRC National Institute for Medical Research (Mill Hill, London) and University of California (Irvine CA, US), Eddie spent 15 years in the pharmaceutical industry and held the positions of programme leader in virology then later clinical therapeutic adviser to the Predictive Medicine Group, at GlaxoWellcome, before becoming a director of clinical diagnostics at GlaxoSmithKline plc. He is currently a director of Integrated Medicines Limited.

Senior management

6 : Anthony "Tony" Wilks (aged 44)

Managing Director IDS, GmbH and Sales and Marketing Director, IDS Ltd

Living for more than 20 years in Germany and with 18 years experience in European sales and marketing of diagnostic products, Tony brings a wealth of experience in international sales to IDS.

Tony recently joined IDS from Nichols Institute Diagnostics GmbH, a wholly-owned subsidiary of Quest Diagnostics, the US Parent where he acted as Managing Director of European Operations. Tony had been with Nichols Institute since 1997. In 1990 Tony started Tosoh Medics GmbH in Germany and successfully established Tosoh as a major diagnostic company in immunoassay automation. Prior to this Tony was Product Manager for Oxford Medical Systems GmbH, responsible for cardiovascular system, marketing and distribution sales.

7 : Kenneth Gibbs (aged 60)

CEO and Managing Director, IDS Inc

Kenneth is a senior executive with more than 30 years professional experience in pharmaceutical, in vitro diagnostic and medical device marketing, sales, reimbursement, business development, and management. He has US and international experience with large multi-national corporations as well as emerging technology and start-up entrepreneurial companies. From 1994 until joining IDS in January 2003, he was employed by Metra Biosystems Inc and later retained as marketing consultant, by Quidel Corporation, a major competitor to IDS in bone and skeletal diagnostics, following Quidel's acquisition of Metra Biosystems Inc.

Registered Office

10 Didcot Way
Boldon Business Park
Boldon
Tyne & Wear
NE35 9PD

Company Secretary

Paul Hailes

Nominated Adviser and Broker

Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

Auditors

Baker Tilly
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Registrars

Computershare Investor Services plc
Corporate Actions
PO Box 859
The Pavilions
Bridgwater Road
Bristol
BS99 1XZ

Bankers

HSBC Bank plc
110 Grey Street
Newcastle upon Tyne
NE1 6JG

Solicitors

Watson Burton
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

Shepherd + Wedderburn
155 St Vincent Street
Glasgow
G2 5NR

Corporate and Social Responsibility Review

Immunodiagnostic Systems Holdings plc's business of producing, selling and marketing diagnostic test kits is intended to benefit the world's population at large. Through speedier and more accurate diagnosis of disease states, patients have a better opportunity of recovery as doctors and physicians are able to prescribe more appropriate treatment. The group is committed to operating its business in accordance with its corporate social responsibilities to all stakeholders including shareholders, employees, customers, the environment and the communities in which we operate. The board aims to discharge its corporate social responsibilities by identifying risks arising from operations and assessing the likelihood of occurrence and impact of these risks.

Shareholders

IDS complies with disclosure rules under its listing on the Alternative Investment Market, governed by the London Stock Exchange and is committed to sharing details of its progress evenly with all stakeholder groups.

The Group understands the importance of communication and has engaged the services of professional advisers to assist in this area, working together to keep our stakeholders regularly informed of relevant information affecting the Group and their interests. IDS will continue to keep shareholders informed through regular progress announcements and through the provision of half year and full year financial statements.

Employees

The Group recognises that its success depends upon attracting, retaining and motivating skilled people and has designed its remuneration policy accordingly, in order to maintain the growth of the business. All salaries are benchmarked and all staff have recently been invited to participate in the company share save scheme. In addition, all staff are eligible to join the pension plan and private healthcare scheme. There is regular communication between management and staff, including internal communication through regular staff meetings. We are committed to giving equal opportunities to all groups of people, irrespective of

background. Our aim is to recruit the best staff in our industry and to maximise every employee's potential. The company strives to accommodate employees' needs in order to enable them to balance their working and home life. The Group aims through its directors and employees to conduct its business to the highest standards and with honesty and integrity at all times.

Partners

The Group works with a variety of partners to carry out research and development of new diagnostic markers and technologies. This type of collaboration benefits not only the Group but also our research partners, as we help fund this development and they benefit from royalty payments made by the Group on products introduced and sold in to the world market place.

Health and Safety

The Group is committed to the promotion of health and safety for all its employees and others who are engaged in or who may be impacted upon by the Group's operations. The Board is aware of its legal and moral obligations for health and safety at work and is committed to preventing accidents and minimising occupational ill health. The Group's Health and Safety Committee meets quarterly to discuss issues and promote good practice.

Environment

The Group is aware of its corporate responsibilities towards the environment. The Group is committed to ensuring that the impact of its activities on the environment is minimised. Disposal of hazardous waste is handled by specialist agencies and contractors. The Group meets all the statutory requirements relating to handling and disposal of radioactive materials. As the Group continues to grow we will ensure that our environmental policies match the scale of our operations.

Directors' Report

The directors submit their report and audited financial statements of the company and of the group for the period ended 31 March 2005.

The company was incorporated on 4 June 2004.

Principal activities

The principal activity of the group during the period under review was that of manufacturing and distributing medical diagnostic products. The group is also actively involved in research and development projects.

Review of the business and future developments

These are dealt with in the Chairman's Statement.

Dividend

The directors have not recommended a dividend.

Research and development

Research and development projects continue to concentrate in areas of bone and growth and the group have increased the number of employees working within this area.

The directors and their interests and the shares of the company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2005 No.	At date of appointment
Dr R T Duggan	£0.02 Ordinary shares	2,393,860	–
	£1.00 Ordinary shares	–	44,740
Mr P Hailes	£0.02 Ordinary shares	1,418,210	–
	£1.00 Ordinary shares	–	27,384
Mr D E Evans	£0.02 Ordinary shares	215,677	–
Mr W Dracup	£0.02 Ordinary shares	–	–
Dr E D Blair	£0.02 Ordinary shares	–	–
Dr R T Duggan	Appointed 4 June 2004		
Mr P Hailes	Appointed 4 June 2004		
Mr D E Evans	Appointed 4 June 2004		
Mr W Dracup	Appointed 22 December 2004		
Dr E D Blair	Appointed 22 December 2004		

Additionally, Dr R T Duggan and Mr P Hailes have a beneficial interest in the Ordinary Shares registered in the name of Immunodiagnostic Systems Holdings plc Employee Benefit Trust.

Dr R T Duggan, Mr P Hailes and Mr D E Evans were granted share options during the year, details are included within note 36 of the attached financial statements.

Substantial Shareholdings

The directors have been notified or are aware that the following are interested in 3% or more of the issued ordinary share capital of the company as at 11 July.

	Number of ordinary shares of 2p each	Percentage of issued share capital
3i plc	2,506,862	18.79
Dr R T Duggan	2,393,860	17.94
Mr P Hailes	1,418,210	10.63
Mr D Laurie	1,369,200	10.26
Mr J Stoker	983,300	7.37
New Star Asset Management	882,350	6.61
IDS Employee Benefit Trust	446,250	3.34
Mr P Puntin	414,300	3.10

Directors' Report continued

Policy on the payment of creditors

It is the company's policy to ensure all creditors are paid in full within the agreed terms of business. Trade creditors of the company at 31 March 2005 were equivalent to 42 days purchases, based on the average daily amount invoiced by suppliers to the group during the year.

Disabled persons policy

The company and the group recognises and accepts its responsibility to ensure that full and fair consideration is given to the employment of disabled persons. Where an individual's abilities and aptitude are recognised as suitable, appropriate training will be arranged to develop the skills of the individual and further their career within the company and the group.

Employee involvement

An open forum within the company and the group is encouraged where staff may come forward with ideas, concerns and suggestions and where the company and the group can discuss matters concerning employees.

Investors in people initiative

The company has been accredited with the IIP award.

Environmental policy

Our environmental policy is summarised as follows:

The Groups main objective is to provide customers with product that meets their requirements with respect to fitness for use, reliability, delivery and value for money and ensuring that we comply with the pertinent regulatory standards associated with our industry.

In particular:-

- The Group is committed to the development and sustainability of its business, whilst minimising any adverse impact on the environment caused by its operations.
- The Group will promote good practices to ensure that the organisation will comply with all regulatory and legislative requirements and at the same time look to continually improve on how we can reduce any adverse impact on the environment.
- The Group will continue to motivate staff to be environmentally aware

The Group's main operation is within the in vitro diagnostic (IVD) testing industry supplying test kits to hospital and research laboratories. Most of our tests are carried out on blood or urine samples and are based upon immunoassays, involving an antibody-antigen reaction and use antibodies and other well established common reagents that can be readily acquired. Materials are sourced from the highest quality manufacturers and are handled according to their relevant instruction or legislation. All human biological and radioactive materials used at our premises are treated as hazardous waste which is collected and disposed of by specialist contractors.

We have a recognised Health and Safety Officer who undertakes regular audits of our compliance and chairs a health and safety committee who meet regularly throughout the year. We also produce products to the highest levels of Good Manufacturing Practice (GMP) as demanded by the FDA and European IVD Directive.

Impact of euro

The company recognises that to be competitive within the eurozone it must offer for sale products priced in euro as well as sterling. Where possible the company looks to offset foreign currency liabilities.

Donations

Donations to charitable organisations amounted to £459 (2004: £1,266).

Related party transactions

Transactions occurring with associated undertakings are detailed in note 27 of the financial statements.

Annual General Meeting

The company's Annual General Meeting will be held on Tuesday 6 September 2005 at 11:00 am at 10 Didcot Way, Boldon Business Park, Boldon, Tyne & Wear, NE35 9PD.

Auditors

Baker Tilly were appointed as auditors to the group by the audit committee during the year. A resolution to re-appoint Baker Tilly as auditors for the ensuing year will be proposed at the Annual General Meeting.

By order of the board



David Evans

Non-Executive Chairman

28 July 2005

Corporate Governance Report

The Combined Code is intended to promote the principles of openness, integrity and accountability. The Company fully supports these principles and although not required to do so, the directors have decided to provide Corporate Governance disclosures.

The Board formally adopted the principles of good governance set out in the Code. However, in view of the size and nature of the Group, the directors have taken into consideration the Guidance for Smaller Quoted Companies on the Code, produced by the Quoted Companies Alliance. The Company's governance policies already in place matched closely the position set out in the Combined Code.

Narrative statement

Directors

As at the Group's year end 31 March 2005, the board comprised of two executive directors, a non-executive Chairman and two other non-executive directors. Details of the directors are set out on page 14. The composition of the Board is designed to provide an appropriate balance of executive, financial, technical and commercial experiences and skills, and will be reviewed regularly. The board looks to meet in a formal manner on a monthly basis at the head office in Newcastle upon Tyne, with additional meetings held as required.

Since flotation on the Alternative Investment Market on 24 December 2004, all directors have attended all board meetings with the exception of E D Blair, who did not attend the Board meeting held on 3 February 2005. It is the responsibility of the Company Secretary to ensure that the directors receive all of the information necessary for the effective performance of their duties. In the furtherance of their duties, the directors have access to the advice and service of the Company Secretary and are permitted to take independent professional advice where necessary and to undertake any training considered appropriate, both at the company's expense.

The Chairman, David Evans, met the independence criteria required by paragraph A.3.1 of the Combined Code on appointment. The Chairman also has six other non-executive directorships, details of which are shown below. The Chairman is responsible for the running of the board.

The executive directors are Paul Hailes and Roger Duggan, who is also the Chief Executive. The Board considers William Dracup and Edward Blair to be independent.

The Board has overall responsibility for determining and directing the Group's corporate strategy. This is achieved through consideration and approval of the annual business plan and financial strategy and through the monitoring and discussion of financial results and corporate matters, including the exposure to key business risks and the results of individual trading subsidiaries, their annual budgets and financial strategy, at regular board meetings.

William Dracup has been identified as the senior independent director as required by the Code.

Chairman's commitments

The Chairman has the following non-executive directorships:

Omega Diagnostics Limited
Storyland Limited
BBI Holdings plc
Microtest Matrices Limited
Platform Diagnostics Limited – appointed 18 November 2004
Chromogenex plc – appointed 16 May 2005

All other non-executive directorships were held throughout the year.

Board committees

In addition to the audit committee (see below) the following board committees were established in December 2004 under specific terms of reference:

1. The Remuneration Committee

The Remuneration Committee comprises of William Dracup (Chairman), David Evans and Edward Blair. It reviews the performance of executive directors and sets the scale and structure of their remuneration and reviews the basis of their service agreements with due regard to the interests of shareholders. The remuneration committee also makes recommendations to the directors concerning the allocation of share options to employees. No director is permitted to participate in discussions or decisions concerning his own remuneration. The details of directors' remuneration are set out on page 31 under note 5 and share options on page 45 under note 36.

2. The Nominations Committee

The Nominations Committee comprises of David Evans (Chairman), William Dracup and Edward Blair. The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, establishing appropriate succession plans for the executive directors and other senior executives in the Group and for the nomination of candidates to fill Board vacancies where required. The Committee will normally meet twice every year.

Relations with shareholders

The Board recognises the importance of maintaining good communications with its shareholders. The Group engages a firm of financial PR consultants to provide another channel of communication to shareholders, potential investors and analysts.

Corporate Governance Report *continued*

Accountability and audit

The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

The Chairman's statement contains a detailed consideration of the Group's position and prospects.

Internal controls

The Board has overall responsibility for the Group's systems of internal control and for reviewing its effectiveness. The Audit Committee, which was established on flotation, has been delegated this responsibility for conducting this review.

The Group's systems of internal control include regular meetings of management to discuss operational, strategic and risk issues, designed to ensure that the possibility of misstatement is kept to a minimum.

The Board has not undertaken a formal review in the period since admission to AIM, but shall do so in the next reporting period.

The system in place for financial reporting ensures the Board receives management accounts, forecast variance analysis and other ad hoc reports on a timely basis.

The Group has not implemented an internal audit function because the directors believe that the controls in place are appropriate for the size and complexity of the Group's activities.

Audit committee

The Audit Committee is chaired by David Evans, a qualified chartered accountant, and the Board feels that this committee is independent, all members being non-executive directors. The Audit Committee is responsible for the relationship with the Group's external auditors and the review of the Group's financial reporting and the Group's internal controls.

The Committee also comprises William Dracup and Edward Blair, both independent non-executive directors. The committee will normally meet four times a year and is responsible for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on, meeting with the auditors and reviewing reports from the auditors. It meets with the auditors at least once a year.

The Audit Committee has undertaken an assessment of the auditor's independence, including:

- a review of non-audit services provided to the Group and related fees
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence
- a review of the auditors own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including regular rotation of the audit partner
- obtaining written confirmation from the auditors, that in their professional judgement, they are independent

An analysis of fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 3 to the financial statements.

The Company is satisfied that the external auditors remain independent in the discharge of their audit responsibilities.

Going Concern

The Board has considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results. The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For this reason they have adopted the going concern basis in the preparation of the financial statements.

Compliance Statement

The Board has reviewed compliance with the Combined Code.

The Group has complied substantially with the other Code Provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the UK Listing Authority since the date of admission to AIM.

By order of the Board



Paul Hailes

Company Secretary

28 July 2005

Directors' Responsibilities

Company law requires the directors to prepare financial statements and other information in the annual report for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether accounting standards have been followed, and give details of any departures; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will be able to continue in business.

The directors are also responsible for:

- a) keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985;
- b) safeguarding the assets of the group and company;
- c) taking reasonable steps for the prevention and detection of fraud and other irregularities;
- d) ensuring that our report and other information included in the annual report is prepared in accordance with company law in the United Kingdom; and
- e) ensuring that the annual report includes information required by the rules of the Alternative Investment Market of the London Stock Exchange.

The maintenance and integrity of the web site is also the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditors' Report to the members of Immunodiagnostic Systems Holdings plc

We have audited the financial statements of Immunodiagnostic Systems Holdings plc for the period ended 31 March 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Managing Director's Review, the Financial Review, the Directors' Report, the Corporate Governance Report and the Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the group and the company at 31 March 2005 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Baker Tilly
Registered Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

28 July 2005

Consolidated Profit and Loss Account

for the year ended 31 March 2005

	Notes	2005 £	2004 £
Turnover			
Continuing operations		5,255,239	4,453,070
Acquisitions in year		179,406	–
	2	5,434,645	4,453,070
Cost of sales		(2,043,024)	(1,659,097)
Gross profit		3,391,621	2,793,973
Distribution costs		(867,972)	(560,638)
Administrative expenses		(2,197,651)	(2,095,427)
Other operating income		–	3,800
Operating profit/(loss)			
Continuing operations		357,968	141,708
Acquisitions in year		(31,970)	–
		325,998	141,708
Exceptional item – diminution in value of goodwill in associate		(23,351)	(277,206)
Share of operating loss in associates		(16,297)	(26,990)
Total operating profit/(loss)	3	286,350	(162,488)
Interest receivable		7,440	2,604
Share of interest receivable in associates		280	65
Amounts written off investments	6	–	137,495
		294,070	(22,324)
Interest payable and similar charges	7	(23,956)	(11,795)
Profit/(loss) on ordinary activities before taxation		270,114	(34,119)
Taxation	8	(57,831)	(1,857)
Profit/(loss) on ordinary activities after taxation		212,283	(35,976)
Dividends	9	–	6,718
Retained profit/(loss) for the financial year		212,283	(42,694)
Earnings per share			
10			
Basic and diluted		2.611p	(0.515)p
Alternative (Basic and diluted)		2.898p	1.485p

All transactions arise from continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 March 2005

	2005 £	2004 £
Profit/(loss) for the financial year	212,283	(42,694)
Total recognised gains and losses relating to the year	212,283	(42,694)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	1,113	–
Total recognised gains and losses since the last financial statements	213,396	(42,694)

Consolidated Balance Sheet

at 31 March 2005

	Notes	2005 £	2004 £
Fixed assets			
Intangible assets	11	1,065,355	226,055
Tangible assets	12	603,269	637,682
Investments	13	234	–
Investment in associates	13	15,286	28,148
		1,684,144	891,885
Current assets			
Stocks	14	762,602	435,042
Debtors due within one period	15	1,271,256	895,214
Cash at bank and in hand	16	446,675	100,160
		2,480,533	1,430,416
Creditors			
Amounts falling due within one period	17	(1,508,285)	(1,314,607)
Net current assets		972,248	115,809
Total assets less current liabilities		2,656,392	1,007,694
Creditors			
Amounts falling due after more than one period	18	(581,601)	(171,258)
		2,074,791	836,436
Provisions for liabilities and charges			
Other provisions	23	271,272	276,523
Share of associates net liabilities	13	14,310	16,365
Deferred income	24	28,256	32,195
		1,760,953	511,353
Capital and reserves			
Called up share capital	28	266,913	196,666
Share premium account	29	965,957	–
Other reserves	30	582,999	582,999
Profit and loss account	31	177,090	(36,306)
		1,992,959	743,359
Own shares	32	(232,006)	(232,006)
Shareholders' funds	32	1,760,953	511,353

Approved by the Board of Directors on 28 July 2005 and are signed on their behalf by:



David Evans
Non-Executive Chairman



Paul Hailes
Finance Director

Balance Sheet

at 31 March 2005

	Notes	2005 £
Fixed assets		
Investments	13	196,666
		196,666
Currents assets		
Debtors due within one period	15	970,074
Cash at bank and in hand	16	122,742
		1,092,816
Creditors		
Amounts falling due within one period	17	11,192
Net current assets		1,081,624
Total assets less current liabilities		1,278,290
Provisions for liabilities and charges		
Other provisions	23	271,272
		1,007,018
Capital and reserves		
Called up share capital	28	266,913
Share premium account	29	965,957
Profit and loss account	31	6,154
		1,239,024
Own shares	32	(232,006)
Shareholders' funds	32	1,007,018

Approved by the Board of Directors on 28 July 2005 and are signed on their behalf by:



David Evans
Non-Executive Chairman



Paul Hailes
Finance Director

Consolidated Cash Flow Statement

for the year ended 31 March 2005

	Notes	2005 £	2004 £
Net cash flow from operating activities	33(a)	(248,230)	327,736
Returns on investments and servicing of finance	33(b)	(16,516)	(9,191)
Taxation	33(b)	(68,268)	(83,954)
Capital expenditure and financial investment	33(b)	(82,150)	(418,791)
Acquisitions	33(b)	(760,380)	(198,178)
		(1,175,544)	(382,378)
Equity dividends paid		–	(20,722)
Cash outflow before financing		(1,175,544)	(403,100)
Financing	33(b)	1,532,268	219,409
Increase/(decrease) in cash in the year	33(c)	356,724	(183,691)

Reconciliation of Net Cash Flow to Movement in Net Debt

for the year ended 31 March 2005

	Notes	2005 £	2004 £
Increase/(decrease) in cash in the year	33(c)	356,724	(183,691)
Net cash inflow from bank loans		(536,644)	(248,647)
Cash outflow/(inflow) in respect of hire purchase		40,580	(10,061)
Movement in net debt in the year		(139,340)	(442,399)
Net (debt)/funds at 1 April 2004	33(c)	(218,121)	224,278
Net debt at 31 March 2005	33(c)	(357,461)	(218,121)

Notes to the Financial Statements

for the year ended 31 March 2005

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Although the company was not a legally existing entity for the preceding year, proforma comparative balances have been disclosed for the group following the requirements of merger accounting for the acquisition of Immunodiagnostic Systems Limited. No comparative balance sheet figures are provided for the company.

b) Basis of consolidation

The financial statements incorporates the financial statements of the company and its subsidiary undertaking using the merger method of accounting and the subsidiary's subsidiary undertakings using the acquisition method of accounting and the subsidiary's share of the results and net assets of its associates.

The results and cash flows relating to the business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

No profit and loss account is presented for Immunodiagnostic Systems Holdings Plc as provided by section 230(3) of the Companies Act 1985. The parent company's profit for the financial year before taxation amounted to £6,154.

c) Accounting for acquisitions and disposals

The results of businesses acquired or disposed of are consolidated from or to the effective dates of acquisition or disposal. On the acquisition of subsidiary undertakings or businesses, the acquisition cost is allocated against the fair value of net assets acquired, after adjustments to bring accounting policies into line with those of the group.

d) Associated undertakings

In the consolidated accounts, shares in the subsidiary's associated undertakings are accounted for using the equity method. The financial information includes the appropriate proportion of the results and reserves of associated undertakings based on the associates' last accounts.

In the consolidated balance sheet the investments in associated undertakings are shown as follows:

Group's share of underlying net assets - under the heading 'Investment in associate'

Group's share of underlying net liabilities - under provisions and other charges as 'Share of associates net liabilities'

Goodwill arising on the acquisition of an associate is capitalised as part of the carrying amounts in the consolidated balance sheet and amortised over its estimated useful life.

e) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period in respect of goods sold and services rendered, exclusive of Value Added Tax.

f) Research and development

Expenditure on research and development incurred in the year is charged against profits.

g) Intangible fixed assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Purchased goodwill	–	10 years straight line
Patents/product technology	–	20 years straight line

The TRAP patent has been recognised at fair value on acquisition of a sub-subsidiary (see note 35). The amount capitalised is the consideration in excess of the book values of the assets and liabilities at the date of acquisition. The directors consider 20 years as a reasonable period of estimated useful life.

h) Tangible fixed assets

All tangible fixed assets are initially recorded at cost.

i) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	–	over the life of the lease
Plant & Machinery	–	over 7 years
Fixtures & Fittings	–	over 5 years
Motor Vehicles	–	over 4 years

Notes to the Financial Statements continued

for the year ended 31 March 2005

1 Accounting policies continued

j) Investments

Fixed asset investments are stated at cost after making provision for any impairment in value.

k) Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less estimated cost of disposal.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of the work in progress.

l) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

m) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

n) Pension costs

The subsidiary operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the subsidiary. The annual contributions payable are charged to the profit and loss account.

o) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

p) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

q) Employee Benefit Trust

Assets held in the Employee Benefit Trust are recognised in the financial statements of the group until they vest unconditionally in identified beneficiaries.

The consideration paid for the company's own shares is deducted in arriving at shareholders funds, where the shares have not vested unconditionally in the employees. When unconditional awards are made to employees the cost recognised is the fair value of the shares at the date of the award, which is spread over the period to which the employee's performance relates, in accordance with UITF 17 and 38.

The proforma balance sheet for the year ended 31 March 2004 has been restated following the implementation of UITF Abstract 38 which has required a change in the method of accounting for Employee Share Option Schemes, namely the Employee Benefit Trust (EBT). The principal change removes the consideration for shares purchased by the EBT from fixed assets investments in the balance sheet to be shown as a deduction from capital and reserves. There is no effect on the profit for the year ended 31 March 2004, the net effect being to reduce shareholders' funds by £232,006.

r) Deferred income-government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Notes to the Financial Statements continued

for the year ended 31 March 2005

2 Turnover and segmental information

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover by destination is given below:

	2005 £	2004 £
United Kingdom	1,845,805	1,718,872
Overseas	3,588,840	2,734,198
	5,434,645	4,453,070

Overseas can be further analysed as follows:

	£'000	£'000
Europe	2,433	1,808
USA	583	421
Japan	230	214
Other	343	291
	3,589	2,734

Turnover and profit before tax, relate principally to the main activity of the manufacturing and distributing of medical diagnostic products, and attributable to the continuing operations of the groups.

Geographical analysis of turnover by origin

	Total sales £'000	2005 Intra group £'000	Third party £'000	Total sales £'000	2004 Intra group £'000	Third party £'000
UK	4,922	(250)	4,672	4,345	(66)	4,279
Europe	221	(41)	180	–	–	–
USA	588	(5)	583	174	–	174
	5,731	(296)	5,435	4,519	(66)	4,453

Geographical analysis of profit before tax by origin

	2005 £'000	2004 £'000
UK	412	245
Europe	(83)	–
USA	(3)	(103)
Operating profit	326	142
Exceptional items - associate	(23)	(277)
Share of operating loss in associates	(16)	(27)
Total operating profit/(loss)	287	(162)
Exceptional item	–	138
Finance charges (net)	(17)	(10)
Profit/(loss) on ordinary activities before tax	270	(34)

Geographical analysis of net assets by origin

Group	2005 £'000	2004 £'000
UK	1,874	651
Europe	15	–
USA	(128)	(140)
	1,761	511

Notes to the Financial Statements continued

for the year ended 31 March 2005

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2005 £	2004 £
Amortisation of government grants re fixed assets	(3,939)	(6,345)
Amortisation of intangible fixed assets	101,828	97,946
Depreciation of owned fixed assets	111,021	123,173
Depreciation of assets held under hire purchase agreements	13,050	8,659
Profit on disposal of fixed assets	–	(424)
Auditors' remuneration		
– as auditors	25,000	10,615
– non audit fees	7,650	–
– corporation tax compliance services	4,450	–
Operating lease costs:		
– plant and equipment	10,727	17,698
– vehicles	41,118	33,865
Net loss on foreign currency translation	11,901	25,982
Research and development	696,673	478,528

4 Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2005 No	2004 No
Number of production staff	19	20
Number of distribution staff	14	13
Number of administrative staff	23	18
	56	51

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	1,605,376	1,356,888
Social security costs	161,316	136,528
Other pension costs	56,463	40,701
	1,823,155	1,534,114

Included in wages and salaries is £nil (2004: £38,353) which relates to payments from the Employee Benefit Trust.

5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £
Emoluments receivable	61,879
Value of company pension contributions to money purchase schemes	2,131
	64,010

Emoluments of highest paid director:

	2005 £
Total emoluments (excluding pension contributions)	27,372
Value of company pension contributions to money purchase schemes	1,175
	28,547

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No.
Money purchase schemes	2

Notes to the Financial Statements continued

for the year ended 31 March 2005

5 Directors' emoluments continued

	Salary £	Bonuses £	Fees £	Benefits £	Total £
Dr R T Duggan	23,750	–	–	3,622	27,372
Mr P Hailes	19,375	–	–	3,882	23,257
Mr D E Evans (non-exec)	–	–	3,750	–	3,750
Mr W Dracup (non-exec)	–	–	3,750	–	3,750
Dr E D Blair (non-exec)	–	–	3,750	–	3,750
	43,125	–	11,250	7,504	61,879

The services of the non-executive directors are provided by third parties as follows:

Mr D E Evans (non-exec)	MBA Consultancy, an unincorporated business where Mr D E Evans is sole proprietor
Mr W Dracup (non-exec)	Nonlinear Dynamics Limited, a company in which Mr W Dracup is a director and has significant shareholding
Dr E D Blair (non-exec)	Integrated Medicines Limited, a company in which Dr E D Blair is a director and majority shareholder

The pro-forma directors' aggregate emoluments in respect of qualifying services included in the financial results for a 12 month period are as stated below. These represent the aggregate emoluments of the directors of the company where they were directors of the underlying business, Immunodiagnosics Systems Limited, prior to appointment as directors of the parent company:

	Pro-forma 2005 £	Pro-forma 2004 £
Emoluments receivable	254,464	293,367
Value of company pension contributions to money purchase schemes	8,380	8,176
	262,844	301,543

Emoluments of highest paid director:

	Pro-forma 2005 £	Pro-forma 2004 £
Total emoluments (excluding pension contributions)	107,515	104,603
Value of company pension contributions to money purchase schemes	4,618	4,506
	112,133	109,109

6 Amounts written off investments

	2005 £	2004 £
Amounts written off investments	–	(137,495)

In the year to 31 March 2003, a provision for irrecoverability of debt from PalindromX Limited, an associated company, was made. This loan was subsequently converted into share capital, and the investment value re-instated.

7 Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	20,519	8,371
Finance charges	2,600	2,057
Other similar charges payable	837	1,367
	23,956	11,795

Notes to the Financial Statements continued

for the year ended 31 March 2005

8 Taxation on ordinary activities

a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the period at 30% (2004: 19%)	49,503	16,265
Over/under provision in prior period	8,328	–
Total current tax	57,831	16,265
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	8,103	9,644
Other	(8,103)	(24,052)
Total deferred tax (note 22)	–	(14,408)
Tax on profit on ordinary activities	57,831	1,857

b) Factors affecting current tax charge

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	270,114	(34,119)
Profit/(loss) on ordinary activities by rate of tax	81,034	(6,483)
Expenses not deductible for tax purposes	58,644	73,471
Capital allowances in excess of depreciation	(4,877)	(14,787)
Income not taxable for tax purposes	(6,293)	(34,921)
Additional relief for R & D expenditure	(98,415)	(42,307)
Other short term timing differences	(2,434)	41,292
Under provision in prior year	8,328	–
Marginal relief	(3,984)	–
Overseas subsidiaries net results no tax charge	25,828	–
Total current tax (note 8(a))	57,831	16,265

9 Dividends

No dividend has been recommended for the year ended 31 March 2005 (2004: £6,718).

10 Earnings per ordinary share

The calculations of earnings per share are based on the following profits and numbers of shares.

	2005 £	2004 £ (restated)	2005 Alternative EPS £	2004 Alternative EPS £ (restated)
Profit/(loss) on ordinary activities after tax	212,283	(35,976)	235,634	103,735
	No.	No.	No.	No.
Weighted average no of shares:				
For basic and diluted earnings per share	8,130,363	6,983,300	8,130,363	6,983,300
Basic and diluted earnings per share	2.611p	(0.515p)	2.898p	1.485p

The alternative earnings per share presented is calculated using net profit before exceptional items (2004: exceptional item – diminution in value of goodwill in associate, and amounts written off investments, a net reduction to net profits of £139,711), in order to demonstrate their impact on the earnings per share.

Diluted earnings weighted average number of shares has been calculated on the ordinary shares of the group in issue during the year, no additional shares have been included in the calculation in respect of the share options granted as detailed in note 36 as the conditions for exercising the options included in the performance criteria have not been met.

Notes to the Financial Statements continued

for the year ended 31 March 2005

11 Intangible fixed assets

Group	Goodwill £	Patents and licences £	Total £
Cost			
At 1 April 2004	966,446	26,014	992,460
Acquired with subsidiary	–	809,270	809,270
Additions	–	131,858	131,858
At 31 March 2005	966,446	967,142	1,933,588
Amortisation			
At 1 April 2004	765,104	1,301	766,405
Charge for the year	96,645	5,183	101,828
At 31 March 2005	861,749	6,484	868,233
Net book value			
At 31 March 2005	104,697	960,658	1,065,355
At 31 March 2004	201,342	24,713	226,055

12 Tangible fixed assets

Group	Short leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2004	322,195	1,441,252	34,050	1,797,497
Acquired with subsidiary	–	3,320	–	3,320
Additions	5,040	87,386	–	92,426
Disposals	–	(115)	(15,000)	(15,115)
At 31 March 2005	327,235	1,531,843	19,050	1,878,128
Depreciation				
At 1 April 2004	105,892	1,026,240	27,683	1,159,815
Charge for the year	18,960	104,744	367	124,071
On disposals	–	(27)	(9,000)	(9,027)
At 31 March 2005	124,852	1,130,957	19,050	1,274,859
Net book value				
At 31 March 2005	202,383	400,886	–	603,269
At 31 March 2004	216,303	415,012	6,367	637,682

Hire purchase agreements

Included within the net book value of £603,269 is £62,161 (2004: £75,211) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £13,050 (2004: £8,659).

Notes to the Financial Statements continued

for the year ended 31 March 2005

13 Investments

Group	Other £	Total £
Cost		
Acquired with subsidiary	234	234
At 31 March 2005	234	234
Net book value		
At 31 March 2005	234	234
	Investment in subsidiary undertakings £	Total £
Company		
Cost		
Additions	196,666	196,666
At 31 March 2005	196,666	196,666
Net book value		
At 31 March 2005	196,666	196,666

The company owns 100% of the issued ordinary share capital and voting rights of Immunodiagnostic Systems Limited, a company incorporated in England. The company is unlisted. The results of the subsidiary and its subsidiaries have been consolidated within the group accounts. The principal activity of the company during the year was that of manufacturing and distributing medical diagnostic products. The company is also actively involved in research and development projects.

Sub-subsidiary undertakings

The subsidiary owns 100% of the issued share capital of Briefvision Limited (formerly Immunodiagnostic Systems Limited) a company incorporated and registered in England. The company does not trade.

The subsidiary also owns 100% of the issued share capital in Immunodiagnostics Systems Inc. a company incorporated and registered in the United States of America. The principal activity of Immunodiagnostic Systems Inc is that of a distribution channel.

During the year the subsidiary acquired 100% of the issued share capital of IDS GmbH, a newly incorporated company and registered in Germany. The principal activity of IDS GmbH is that of a distribution channel. For details of the acquisition see note 35.

During the year the subsidiary acquired 100% of the issued share capital of Suomen Bioanalytiikka Oy (SBA Sciences Limited), a company incorporated and registered in Finland. The principal activity of Suomen Bioanalytiikka Oy (SBA Sciences Limited) is that of producing diagnostic testing kits. For details of the acquisition see note 35.

The subsidiary also owns 100% of the issued share capital of Phabia Limited, a company incorporated and registered in England. The company does not trade.

The financial year end of the subsidiary and its subsidiaries is 31 March.

Investments in associates

The subsidiary owns 30% of the issued share capital of Perinatal Diagnostics Limited, a company incorporated in England. The company has not traded during the year. The company's loss for the year was £461 with capital and reserves of Perinatal Diagnostic Systems Limited at £8,845 as at 31 March 2005.

The subsidiary owns 33% of the issued share capital of Pyrronostics Limited, a company incorporated in England. The principal activity of Pyrronostics Limited is that of a biomarker discovery company. The loss for the year ended 31 March 2005 was £38,556. Capital and reserves of Pyrronostics Limited is £38,280 as at 31 March 2005.

During the year the subsidiary increased its shareholding in PalindromX, a company incorporated in England, to 25% by purchasing a further 34 ordinary shares at £840 per share. The principal activity of PalindromX Limited is that of research and development. The loss for the year ended 31 March 2005 was £12,616. The deficiency in capital and reserves of PalindromX Limited is £57,242 as at 31 March 2005.

Notes to the Financial Statements continued

for the year ended 31 March 2005

13 Investments continued

Subsidiary's share of associated undertakings comprises:

Profit for the year:

	2005 £	2004 £
Share of turnover		
Perinatal Diagnostics Limited	–	–
Pyrronostics Limited	–	–
PalindromX	5,990	6,176
	5,990	6,176
Share of operating loss		
Perinatal Diagnostics Limited	139	150
Pyrronostics Limited	12,723	6,448
PalindromX	3,154	20,392
	16,016	26,990
Share of assets		
Share of fixed assets		
Perinatal Diagnostics Limited	–	–
Pyrronostics Limited	–	–
PalindromX	7,893	4,449
	7,893	4,449
Share of current assets		
Perinatal Diagnostics Limited	3,113	3,047
Pyrronostics Limited	36,755	43,645
PalindromX	3,329	6,440
	43,197	57,581
Share of liabilities		
Liabilities due within one year		
Perinatal Diagnostics Limited	(459)	(255)
Pyrronostics Limited	(24,122)	(18,289)
PalindromX	(13,032)	(13,837)
Liabilities due over one year		
Perinatal Diagnostics Limited	–	–
Pyrronostics Limited	–	–
PalindromX	(12,500)	13,417
Share of net assets	15,286	28,148
Share of net liabilities	(14,310)	(16,365)
Cost of investment – goodwill		
Additions in year	23,351	277,206
Amortised in year	(23,351)	(277,206)
	–	–

Notes to the Financial Statements continued

for the year ended 31 March 2005

14 Stocks

Group	2005 £	2004 £
Raw materials	353,544	250,995
Work in progress	8,976	29,792
Finished goods	400,082	154,255
	762,602	435,042

15 Debtors

Group	2005 £	2004 £
Trade debtors	922,757	669,389
VAT recoverable	103,632	2,187
Other debtors	46,354	149,954
Prepayments and accrued income	198,513	73,679
	1,271,256	895,214

Included within other debtors is £8,964 (2004: £24,684) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

Company	2005 £
Amounts owed by group undertakings	961,110
Other debtors	8,964
	970,074

Included within other debtors is £8,964 held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

16 Cash at bank and at hand

Group	2005 £	2004 £
Bank deposit account	20,257	20,904
Cash at bank	424,781	78,822
Petty cash	1,637	434
	446,675	100,160

Included in the bank deposit account is £20,257 (2004: £20,904) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

Company	2005 £
Bank deposit account	20,257
Cash at bank	102,485
	122,742

Included in the bank deposit account is £20,257 held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

17 Creditors: Amounts falling due within one year

Group	2005 £	2004 £
Bank loans and overdrafts	208,724	106,025
Trade creditors	424,895	380,679
Corporation tax	49,503	59,940
PAYE and social security	55,649	41,563
Hire purchase agreements	13,811	40,998
Dividends payable	16,343	16,343
Other creditors	490,395	556,442
Accruals and deferred income	248,965	112,617
	1,508,285	1,314,607

Notes to the Financial Statements continued

for the year ended 31 March 2005

17 Creditors: Amounts falling due within one year continued

The following liabilities disclosed under creditors falling due within one year are secured by the group:

	2005 £	2004 £
Bank loans and overdrafts	208,724	106,025
Other creditors	17,789	318,939
Hire purchase agreements	13,811	40,998
	240,324	465,962

Amounts due under hire purchase agreements are secured over the assets financed.

Other creditors of £17,789 relate to invoice discounting which is secured on the trade debtors to which they relate.

There are two bank loans in place.

The first being a loan taken out in 2003, which is secured by a debenture including fixed equitable charge over all present and future freehold and leasehold property, first fixed charge over book debts, chattels and goodwill and first floating charge over all assets. Interest chargeable on the loan is fixed at 2% over the bank's base rate. The total amount outstanding at 31 March 2005 was £160,334.

The second being a loan taken out in February 2005, which is secured by a debenture including fixed equitable charge over all present and future freehold and leasehold property, first fixed charge over book debts, chattels and goodwill and first floating charge over all assets of both Immunodiagnostic Systems Limited and the parent company Immunodiagnostic Systems Holdings plc. There is also an unlimited cross guarantee given by Immunodiagnostics Systems Limited, Immunodiagnostics Systems Holdings plc & Briefvision Limited to secure all liabilities of each other. Interest chargeable on the loan is fixed at 1.25% over the bank's LIBOR rate. The total amount outstanding at 31 March 2005 was £624,957.

Company	2005 £
Corporation tax	6,942
Accruals and deferred income	4,250
	11,192

18 Creditors: Amounts falling due after more than one year

Group	2005 £	2004 £
Bank loans and overdrafts	579,131	155,395
Hire purchase agreements	2,470	15,863
	581,601	171,258

Bank loans and overdrafts and hire purchase agreements are secured as disclosed in note 17.

19 Borrowings

Borrowings include bank loans and overdrafts which are due for repayment as follows:

Group	2005 £	Proforma 2004 £
Amounts repayable:		
In one year or less or on demand	208,724	106,025
In more than one year but not more than two years	197,214	93,252
In more than two years but not more than five years	381,917	62,143
	787,855	261,400

Notes to the Financial Statements continued

for the year ended 31 March 2005

20 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

Group	2005 £	2004 £
Amounts payable within one year	13,811	40,998
Amounts payable between two years but not more than five years	2,470	15,863
	16,281	56,861

21 Pensions

The subsidiary company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £44,816 (2004: £40,701).

22 Deferred taxation

Group	2005 £	2004 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	–	14,408
Profit and loss account movement arising during the period	–	(14,408)
Provision carried forward	–	–

The elements of deferred taxation, which result in a nil balance at the end of the period are as follows:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	28,301	24,052
Other timing differences	(28,301)	(24,052)
	–	–

No provision has been made in respect of the deferred tax asset of £33,875 (2004: £37,334).

23 Other provisions

	2005 Company £	2005 Group £
Balance brought forward	–	276,523
Incorporation of Employee Benefit Trust	276,523	–
Movement for the year	(5,251)	(5,251)
	271,272	271,272

Other provisions relates to the expenditure committed by the Employee Benefit Trust, relating to past service. This has been incorporated in the current year as upon a share for share exchange with its subsidiary Immunodiagnostic Systems Limited the company is now deemed to be the sponsoring employer company.

24 Deferred income

Government grants

Group	2005 £	2004 £
Received and receivable:		
At 1 April 2004	51,625	16,632
Receivable during year	–	35,293
At 31 March 2005	51,625	51,625
Amortisation:		
At 1 April 2004	19,430	13,085
Credit to profit and loss account	3,939	6,345
At 31 March 2005	23,369	19,430
Net balance at 31 March 2005	28,256	32,195

Notes to the Financial Statements continued

for the year ended 31 March 2005

25 Commitments under hire purchase agreements

At 31 March 2005 the group had annual commitments under non-cancellable operating leases as set out below:

Group	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	–	35,665	–	6,911
Within two years but not more than five years	–	30,881	–	34,914
After more than five years	81,800	–	81,800	–
	81,800	66,546	81,800	41,825

26 Transactions with the directors

During the year the group paid £100,000 to MBA Consultancy, an unincorporated business in which Mr D E Evans, the non-executive Chairman, is the sole proprietor. The costs were in respect of professional services provided during the company's admission to AIM.

Mr D E Evans, the non-executive Chairman, is the Chairman of BBI Holdings plc. The company has entered into a licence with BBI Holdings plc to exploit a technology BBI Holdings plc own to produce an MRSA test.

27 Related party transactions

Transactions and balances with associated undertakings are as follows:

Pyrronostics Limited:

	2005 £	2004 £
Amount due (from)/to Immunodiagnostic Systems Limited	(44,572)	36,766

PalindromX Limited:

	2005 £	2004 £
Purchases from PalindromX Limited	23,958	20,526
Provision for loan irrecoverability	–	32,000
Amount due to Immunodiagnostics Systems Limited	26,910	21,283

Perinatal Diagnostics Limited:

	2005 £	2004 £
Amount due to Immunodiagnostics Systems Limited	1,230	–

28 Share capital

	2005 £
Authorised:	
50,000,000 Ordinary shares of £0.02 each	1,000,000
	1,000,000
	2005 £
Allotted, called up and fully paid:	
13,344,667 Ordinary shares of £0.02 each	266,913
	266,913

Notes to the Financial Statements continued

for the year ended 31 March 2005

28 Share capital continued

On incorporation the authorised share capital of the company was £120,000 divided into 120,000 ordinary shares of £1 each ("Ordinary £1 Shares"). On incorporation, 2 Ordinary £1 shares were allotted nil paid to the subscribers of the memorandum of association of the Company (the "Memorandum of Association").

On 13 July 2004 the Company's authorised share capital was increased to £196,666 by the creation of an additional 57,000 A ordinary shares of £1 each ("A Ordinaries") and 19,666 non voting ordinary shares of £1.00 each ("Non – Voting Ordinaries");

On 13 July 2004 119,998 Ordinary £1 Shares were allotted and issued (and the two Ordinary £1 Shares in issue as subscriber shares were credited as fully paid), the 57,000 A Ordinaries were allotted and issued and the 19,666 Non – Voting Ordinaries were allotted and issued all in consideration for the transfer to the Company of the entire issued share capital of Immunodiagnostic Systems Limited ('the Subsidiary') pursuant to an agreement between the Company and the shareholders of the Subsidiary dated 13 July 2004. A certificate to do business and borrow pursuant to section 117 of the Act was issued to the Company on 16 July 2004;

At an extraordinary general meetings of the Company held on 22 December 2004 special resolutions were passed, with effect from immediately prior to Admission, in terms of which, inter alia:

- i. The Company's authorised share capital was increased to £1,000,000 by the creation of an additional 803,334 Ordinary £1 Shares;
- ii. Each A Ordinary was converted into one Ordinary £1 Share;
- iii. Each Non – Voting Ordinary was converted into one Ordinary £1 Share;
- iv. Each Ordinary £1 Share was subdivided into 50 ordinary shares of 2p each;

At Admission the authorised share capital of the Company was £1,000,000 divided into 50,000,000 Ordinary Shares. 13,237,703 Ordinary Shares were in issue and fully paid at Admission. On 22 December 2004, 3,471,420 ordinary shares were placed at a price of 51p per share, creating total proceeds of £1,770,424. No Ordinary shares are in issue partly paid. Share options have since been exercised amounting to 106,964 shares at a price of 51p, with total proceeds of £54,551.

Reconciliation of movement in share capital

	Nominal value £	Represented by number of £0.02 ordinary shares No.
Original shares in issue in the group brought forward		
(of which 139,666 were equity ordinary shares of £1 each and 57,000 were non-equity A ordinary shares of £1 each)	196,666	9,833,300
Issue of shares in the year by the company	70,247	3,511,367
Ordinary shares of £0.02 in issue at 31 March 2005	266,913	13,344,667

The original shares in issue were share for share exchanged on 13 July 2004 as set out above.

29 Share premium

	2005 £
Balance brought forward	–
Shares issued	1,720,570
Expenses of share issue	754,613
At 31 March 2005	965,957

Notes to the Financial Statements continued

for the year ended 31 March 2005

30 Other reserves

Group	2005 £	2004 £
Merger reserve	582,999	582,999

The merger reserve represents the share premium and capital redemption reserve in existence in the subsidiary at the date of merger.

31 Profit and loss account

Group	2005 £	Proforma 2004 £
Balance brought forward	(36,306)	6,388
Retained profit for the financial year	212,283	(42,694)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	1,113	–
At 31 March 2005	177,090	(36,306)
Company		
		2005 £
Balance brought forward		–
Retained profit for the financial year		6,154
At 31 March 2005		6,154

32 Reconciliation of movements in shareholders' funds

Group	2005 £	Proforma 2004 £
Profit for the financial year	212,283	(35,976)
Dividends	–	(6,718)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	1,113	–
	213,396	(42,694)
Issue of shares	1,036,204	–
Net addition to funds	1,249,600	(42,694)
Transfer of non-equity shares to equity	57,000	–
Opening equity shareholders' funds as previously reported	454,353	729,053
Consideration paid for the company's own shares	–	(232,006)
Opening equity shareholders' funds as restated	454,353	497,047
Closing equity shareholders' funds	1,760,953	454,353
Non-equity shareholders' funds		
Opening non-equity shareholders' funds	57,000	57,000
Non-equity shares converted to equity	(57,000)	–
Closing non-equity shareholders' funds	–	57,000
Total shareholders' funds	1,760,953	511,353

At 31 March 2005, the Immunodiagnosics Systems Holdings plc had an investment in its own shares via the Employee Benefit Trust following a share for share exchange with its subsidiary Immunodiagnosics Systems Limited as it is now deemed to be the sponsoring employer company. The number of own shares held at 31 March 2005 was 446,250 ordinary shares (2004: 21,466 shares in Immunodiagnosics Systems Limited). The market value of the shares at the year which had not unconditionally vested in employees was £307,912.

Company

	2005 £
Profit for the financial period	6,154
Issue of shares	1,232,870
Net addition to funds	1,239,024
Consideration paid for the company's own shares	(232,006)
Opening shareholders' equity funds	–
Total shareholders' funds	1,007,018

Notes to the Financial Statements continued

for the year ended 31 March 2005

33 Cash flows

a) Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	325,998	141,708
Amortisation of intangible fixed assets	101,828	97,946
Depreciation of tangible fixed assets	124,071	131,832
Profit/(loss) on disposal of fixed assets	88	(424)
Amounts written off loans	–	137,495
Amortisation of government grants	(3,939)	(6,345)
Increase in stocks	(285,896)	(160,292)
Increase in debtors	(146,154)	(144,743)
(decrease)/increase in creditors	(358,975)	168,912
Decrease in provisions	(5,251)	(38,353)
Net cash (outflow)/inflow from operating activities	(248,230)	327,736

b) Analysis of cash flows for headings netted in the Cash Flow Statement

Returns on investment and servicing of finance

	2005 £	2004 £
Interest received	7,440	2,604
Interest paid	(21,356)	(9,738)
Interest element of hire purchase	(2,600)	(2,057)
Net cash outflow from returns on investments and servicing of finance	(16,516)	(9,191)

Taxation

	2005 £	2004 £
Taxation	(68,268)	(83,954)

Capital expenditure and financial investment

	2005 £	2004 £
Payments to acquire intangible fixed assets	(31,017)	(3,952)
Payments to acquire tangible fixed assets	(92,426)	(604,861)
Receipts from sale of fixed assets	6,000	190,022
Grant received	35,293	–
Net cash outflow for capital expenditure and financial investment	(82,150)	(418,791)

Acquisitions

	2005 £	2004 £
Purchase of subsidiary undertakings	(750,731)	–
Cash acquired with subsidiary	35,317	–
Acquisition of investments in associated undertakings	(44,966)	(198,178)
Net cash outflow from acquisitions	(760,380)	(198,178)

Financing

	2005 £	2004 £
Issue of shares	1,036,204	–
New bank loans	624,957	278,000
Repayment of bank loans	(88,313)	(29,353)
Capital element of hire purchase	(40,580)	(29,238)
Net cash inflow from financing	1,532,268	219,409

Notes to the Financial Statements continued

for the year ended 31 March 2005

33 Cash flows continued

c) Analysis of net debt

	At 1 April 2004 £	Other changes £	Cash flows £	At 31 March 2005 £
Cash in hand and at bank	100,160	346,515	–	446,675
Overdrafts	(12,773)	10,209	–	(2,564)
	87,387	356,724	–	444,111
Debt due within one year	(93,252)	93,252	(206,160)	(206,160)
Debt due after one year	(155,395)	(629,896)	206,160	(579,131)
Hire purchase agreements	(56,861)	40,580	–	(16,281)
	(305,508)	(496,064)	–	(801,572)
Total	(218,121)	(139,340)	–	(357,461)

34 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £56,190 (2004: £Nil).

35 Acquisition

On 16 March 2005 the group acquired 4937 issued and outstanding No 1 shares of in Suomen Bioanalytiikka Oy (SBA Sciences Limited), a company incorporated and registered in Finland. The principal activity of Suomen Bioanalytiikka Oy (SBA Sciences Limited) is that of producing diagnostic testing kits.

The group's acquisition represented 100% of the nominal share capital of Suomen Bioanalytiikka Oy (SBA Sciences Limited and a consideration of €1,300,000, £840,849, being £632,528 in cash and deferred consideration of £208,321 (included as a liability in the group accounts). Legal and other fees and costs in relation to the acquisition have been capitalised amounting to £100,841.

The purchase agreement includes contingent consideration of €600,000, payment of which will become due following the outcome of certain future events.

1. €300,000 following approval of 510(k) status from US Federal Drug Administration for TRAP products.
2. €300,000 following receipt of reimbursement status from US Medicare for the TRAP products.

	Book amount £	Fair value to the group £
Net assets acquired		
Intangible fixed assets	51,126	809,270
Tangible fixed assets	3,320	3,320
Investment	236	236
Current assets	305,731	305,731
Cash	35,317	35,317
Creditors and provisions	(313,025)	(313,025)
	82,705	840,849
Goodwill		–
Consideration		840,849
Satisfied by:		
Cash		632,528
Deferred cash consideration		208,321
		840,849

The fair value of the net assets acquired has been revised from £82,705 to £840,849, as the directors have assessed the TRAP Patent to have a value that exceeds the amount of the consideration.

During the year the subsidiary acquired 100% of the share capital of IDS GmbH on its incorporation for €25,000, £17,360, the company is registered in Germany. The principal activity of IDS GmbH is that of distribution channel. As a newly formed company there were no other assets at incorporation and therefore there is no goodwill arising.

Notes to the Financial Statements continued

for the year ended 31 March 2005

36 Share options

Following admission to AIM the following share option schemes were established by the company to award options to certain directors, current and former employees.

Share Option Agreements

The following share options were granted in the year:

	Granted	Exercised	At 31 March 2005	Exercise price	Date from which exercisable	Expiry date
Mr D E Evans (Non-executive Chairman)	333,617	–	333,617	£0.51	22.12.07	22.12.14

A further 13,344 options were granted to employees exercisable from 22.12.07 for an exercise price of 51p. Total Share Option Agreements options outstanding at the year end was 346,961.

Options may normally be exercised in whole or part within the period of three to ten years after the date of the grant, and then only if the performance conditions attached to the options have been satisfied.

The share options granted will only be exercisable upon the achievement of the performance criteria.

Enterprise Management Initiative Scheme

The company operated a share option scheme under the Enterprise Management Initiative Scheme ("EMI"). The following share options have been granted in the year to the directors of the company under the EMI scheme:

	Granted	Exercised	At 31 March 2005	Exercise price	Date from which exercisable	Expiry date
Dr R T Duggan	196,078	–	196,078	£0.51	22.12.07	22.12.14
Mr P Hailes	196,078	–	196,078	£0.51	22.12.07	22.12.14
	392,156	–	392,156			

A further 333,613 options were granted to employees exercisable from 22.12.07 for an exercise price of 51p. The total EMI options outstanding as at the year end were 725,769.

Options may normally be exercised in whole or part within the period of three to ten years after the date of the grant, and then only if the performance conditions attached to the options have been satisfied.

The share options granted will only be exercisable upon the achievement of the performance criteria.

Approved Share Option Scheme

Options are granted at the discretion of the Board to employees and full time directors of the group, save that options will not be granted to individuals due to retire within six months or those individuals who have a material interest in a company within the group. No share options were granted under this scheme during the year.

Options may normally be exercised in whole or part within the period of three to ten years after the date of the grant, and then only if the performance conditions attached to the options have been satisfied.

The share options granted will only be exercisable upon the achievement of the performance criteria.

Unapproved Share Option Scheme

The Company issues unapproved share options. The following unapproved share options have been granted during the year to directors of the Company:

	Granted	Exercised	At 31 March 2005	Exercise price	from which exercisable	Date Expiry date
Dr R T Duggan	137,539	–	137,539	£0.51	22.12.07	22.12.14
Mr P Hailes	137,539	–	137,539	£0.51	22.12.07	22.12.14
	275,078	–	275,078			

Notes to the Financial Statements continued

for the year ended 31 March 2005

36 Share options continued

The total number of unapproved options outstanding as at the year end was 541,970. The number of options not held by directors is 266,892 exercisable from 22.12.07 at an exercise price of 51p.

Options may normally be exercised in whole or part within the period of three to ten years after the date of the grant, and then only if the performance conditions attached to the options have been satisfied.

The share options granted will only be exercisable upon the achievement of the performance criteria.

Performance conditions in relation to the Share Option Agreements, the EMI Scheme, the Approved Share Option Scheme and the Unapproved Share Option Scheme are:

Exercise of an option will be dependent upon the achievement by the company of a specified threshold of earnings per share ("EPS") growth (calculated after excluding amortisation of goodwill, gains and losses on the disposal of assets, changes resulting from the expensing of options through the profit and loss account and any extraordinary or exceptional items at the discretion of the Remuneration Committee) in excess of the growth in Retail Price Index over a three or more years performance period (the "Performance Period"). For an option to become exercisable in full, the growth in EPS of the Company over the Performance Period must exceed the growth in Retail Price Index over the same period by a specified percentage. If the excess is 15 percent or greater in respect of the first three years of the Performance Period then the performance condition is met. Where the performance condition is not met then the Performance Period is extended one financial year at a time and the growth in EPS is increased by five percent for each financial year while the options remain in existence until the performance condition as so increased has been met. As soon as the performance condition is met the options vest in their entirety and become exercisable in whole or in part at any time, subject to the rules of the IDS Approved Share Option Scheme.

SAYE Share Option Scheme

The SAYE Share Option Scheme is an all employee share scheme. No share options were granted under this scheme during the year.

All employees or full time directors of the Group or a company within the group who have worked for a minimum period as the Board determines are eligible to participate in the IDS SAYE Share Option Scheme, as long as they do not have a material interest in the company or a participating company.

37 Financial instruments

The Group's financial instruments comprise bank borrowings and facilities, cash and short-term deposits. The Group has various other financial instruments, such as trade debtors and creditors that arise directly from its operations, which have been excluded from the disclosures, other than the currency disclosures.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these are regularly reviewed and agreed by the Board.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The Group finances its operations by a mixture of retained profits, bank borrowings and long term loans. The group has borrowed in desired currencies at floating rates of interest. The Group's policy on interest rate management is agreed at Board level and is reviewed on an ongoing basis. The interest rates applying to facilities during the year are detailed in note 17.

Interest rate profile

The group has no financial assets, excluding short-term debtors, other than sterling cash deposits of £21,900 (2004: £Nil) which are part of the financing arrangements of the group.

The interest rate profile of the group's financial liabilities at 31 March 2005 was as follows:

Currency	2005	Floating £000	Fixed £000	2004	Floating £000	Fixed £000
	Total £000			Total £000		
Sterling						
- Borrowings	176	160	16	305	248	57
- Non-equity shares	-	-	-	57	57	-
Euro						
- Borrowings	625	625	-	-	-	-
	801	785	16	362	305	57

Notes to the Financial Statements continued

for the year ended 31 March 2005

37 Financial instruments continued

The interest rate on the floating financial liabilities is linked to the bank base rate for the sterling borrowings and the LIBOR rate for the euro borrowings. The rate of return on the non-equity shares was 7% of net consolidated profits with a potential compensatory dividend. The fixed rate sterling borrowings in the current and the previous year relate to hire purchase agreements and these have a weighted average interest rate of 7.4% over a period of up to 5 years.

Liquidity risk

As regards liquidity, the Group's policy throughout the year has been to ensure continuity of funding by means of generated funds supported by the Group's bankers and raising capital. The Group is cash positive in its operating activities and is expected to be for the foreseeable future. Facilities are reviewed regularly by the Board, which will consider carefully liquidity risk for any future acquisitions.

Short term flexibility is achieved by overdraft facilities.

Foreign currency risk

The Group has subsidiaries, which operate in the USA and continental Europe. Their revenues and expenses are denominated substantially in US dollars and euros. In order to protect the Group's sterling balance sheet from the movements in these currencies and the sterling exchange rate, the group finances its net investment in these subsidiaries by means of borrowings in their respective functional currencies.

The table below shows the group's currency exposure, being those transactional exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the group that are not denominated in the operating (or 'functional') currency of the operating unit involved, other than the euro bank loan which is treated as a hedge against the net investment in a sub-subsidiary. At 31 March 2005 these exposures are as follows:

Functional currency of group operation	Net foreign currency monetary assets/(liabilities)		
	US Dollar £000	Euro £000	Total £000
Sterling	(53)	(306)	(359)
US dollar	–	–	–
Euro	–	–	–
	(53)	(306)	(359)

The exposures at 31 March 2004 for comparison purposes were as follows:

Functional currency of group operation	Net foreign currency monetary assets/(liabilities)		
	US Dollar £000	Euro £000	Total £000
Sterling	10	(240)	(230)
US dollar	–	–	–
Euro	–	–	–
	10	(240)	(230)

Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 31 March 2005 was as follows:

	Borrowings 2005 £	Total 2004 £
In one year or less	219,971	134,250
In more than one year but not more than two years	199,684	106,645
In more than two years but not more than five years	381,917	64,613
	801,572	305,508

Borrowing Facilities

The Group had no undrawn committed borrowing facilities at 31 March 2005.

Fair values

Fair values of financial instruments equate to the book value as disclosed in the financial information. There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Glossary

Analyte

The substance for which an assay is designed to measure. In the present context this will be in a sample taken from a patient or animal (such as blood) and its measurement will aid the diagnosis or monitoring of a disease or its treatment, or provide information for research studies.

Antibodies

Any of a large variety of immunoglobulins (or fragments thereof) which are part of the immune system, and are produced to help fight against infection. Antibodies are made by a type of blood cell called a lymphocyte, and are tailor-made in response to foreign material (antigen) entering the body. Antibodies are highly specific for their particular antigen, and will bind strongly to it. In immunoassays, antibodies are raised against the analyte and used as a receptor to bind the analyte.

Antigen

A protein or part of a protein which provokes an immune response and will bind to the antibodies generated.

Assay

A test to detect and/or quantitate a specific analyte in a sample.

Biomarker

An analyte present in a biological sample whose presence or concentration is indicative of a disease state.

Conjugate

An entity formed by coupling 2 substances together. In immunoassays the term generally refers to the labelled entity in the assay (e.g. enzyme-labelled antibody).

DNA

Deoxyribonucleic Acid. Comprised of a series of nucleotides that form genes.

Enzyme

A catalytic protein which is necessary for a particular chemical process to take place in a living cell. In immunoassays, enzymes are frequently conjugated to antibodies, as part of the signal generation system.

Gene

A sequence of nucleotide bases which will code for a specific protein.

Genome

The total set of genes in an organism or species.

Immunoassay

An assay which uses the specificity of the antibody-antigen binding to measure or detect an analyte.

In-vitro

Literally 'in glass'. It refers to a process or biological reaction taking place outside a living system.

In-Vitro Diagnostics (IVD)

Reagents, instruments and systems intended for use in the diagnosis of disease or other conditions, including a determination of the state of health, in order to cure, mitigate, treat or prevent disease. Tests are performed on samples removed from the body.

Liposome

A type of "artificial cell" composed of a lipid bilayer which has the ability to separate and isolate the contents from the surrounding liquid.

Marker

In the present context, a synonym for Biomarker.

Monoclonal antibodies

Made by producing a single antibody cell line so that it will secrete large amounts of a specific antibody indefinitely. The antibodies produced are therefore all the same. Monoclonal antibodies are used in diagnostics and in purifying useful proteins from mixtures.

MRSA

Methicillin-resistant *Staphylococcus aureus*.

Phage Display

Expression of proteins, including antibodies, on the surface of a bacteriophage. DNA sequences are inserted into the phage genome such that the encoded protein is expressed or "displayed" on the surface of the phage. By inserting a library of, for example, antibody DNA sequences into a population of bacteriophage one can rapidly select and isolate the phage secreting antibody to a particular analyte, and then produce large quantities of the appropriate antibody.

POMC

Pro-opiomelanocortin, a hormone precursor molecule found in the pituitary gland.

Proteins

Proteins are one of the products that genes code for. They are made of chains of amino acids folded into complex three dimensional structures. It is this structure that helps determine their function.

Proteome

The entire range of proteins present in a species.

Proteomics

The study of the entire range of proteins which are produced by a particular gene, genome or cell.

Research-use Only (RuO)

In the present context, an immunoassay that does not have regulatory approval for use as an IVD and can only be used for research purposes.

RNA

Ribonucleic Acid is a linear, usually single-stranded polymer of ribonucleotides, each containing the sugar ribose in association with a phosphate group and one of four nitrogenous bases: adenine, guanine, cytosine, or uracil. RNA is found in all living cells and it encodes the information needed to synthesize proteins (i.e. it copies "instructions" that it receives from DNA), in certain viruses, it serves as the genome.

Specificity

In this context the ability of a measurement procedure to determine solely the measurable quantity it purports to measure.

TRAP

Tartrate-resistant acid phosphatases. This enzyme when measured effectively helps to find out the rate at which bone is broken down.

Shareholder Information

Annual General Meeting

6 September 2005

Registrars and dividend payments

Enquiries regarding shareholdings, lost certificates, change of address, and dividend payments should be addressed to the Company's registrars:

Computershare Investor Services plc

Corporate Actions
PO Box 859
The Pavilions
Bridgwater Road
Bristol
BS99 1XZ

Immunodiagnostic Systems Holdings plc

10 Didcot Way
Boldon Business Park
Boldon
Tyne & Wear
NE35 9PD

Tel +44 (0)191 519 0660
Fax +44 (0)191 519 0760
marketing@idsltd.com
www.idsltd.com

